

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

CITY OF TACOMA, :
: Plaintiff & Counterclaim Defendant, :
: v. : Civil Action No.05-62-GMS
: WORLDGATE COMMUNICATIONS, :
: INC., :
: Defendant & Counterclaimant. :
:

CITY OF TACOMA'S REPLY TO COUNTERCLAIMS

The City of Tacoma, through undersigned counsel, responds to Counts I, II, III and V¹ of the Counterclaims of WorldGate Communications, Inc., as follows:

1. Admitted that WorldGate Communications, Inc. ("WorldGate") is a Delaware corporation with its principal place of business in Trevose, Pennsylvania. Tacoma is without knowledge or information sufficient to form a belief as to the truth of the remaining allegations of paragraph 1 and, accordingly, they are denied.

2. Admitted.
3. Admitted.
4. Admitted.

**COUNT I
BREACH OF CONTRACT**

5. Tacoma incorporates its preceding responses to the paragraphs of WorldGate's Counterclaims as if fully set forth herein.

¹ Tacoma has moved to dismiss Count IV of the Counterclaims and does not intend to waive that motion by responding to the other counts.

6. Admitted that the Click! Network executed a seven (7) year contract with WorldGate on December 17, 1998 which is known as the Affiliation Agreement. Tacoma denies that a complete copy of the Affiliation Agreement and its amendments is attached to the Counterclaims as Exhibit A. Tacoma refers the Court to Exhibit A of Tacoma's Complaint.

7. Denied as stated, as the Affiliation Agreement speaks for itself.

8. Denied.

9. Denied.

10. Denied.

COUNT II
BREACH OF CONTRACT

11. Tacoma incorporates its preceding responses to the paragraphs of WorldGate's Counterclaims as if fully set forth herein.

12. Denied.

13. Denied.

COUNT III
BREACH OF THE IMPLIED COVENANT
OF GOOD FAITH AND FAIR DEALING

14. Tacoma incorporates its preceding responses to the paragraphs of WorldGate's Counterclaims as if fully set forth herein.

15. Denied.

16. Denied.

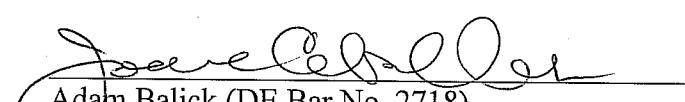
**COUNT V
RECOUPMENT**

21. Tacoma incorporates its preceding responses to the paragraphs of WorldGate's Counterclaims as if fully set forth herein.

22. Denied.

WHEREFORE, Tacoma demands judgment in its favor on Counts I, II, III and V of WorldGate's Counterclaims, together with such other relief as the Court deems just and proper.

BIFFERATO GENTILOTTI BIDEN & BALICK


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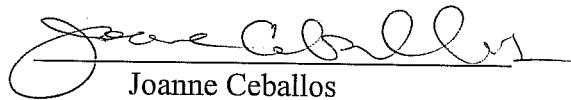
Dated: November 7, 2005

CERTIFICATE OF SERVICE

I, Joanne Ceballos, hereby certify that on the 7th day of November, 2005, a copy of the foregoing Reply to Counterclaims was served by electronic mail on the following counsel for defendant:

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